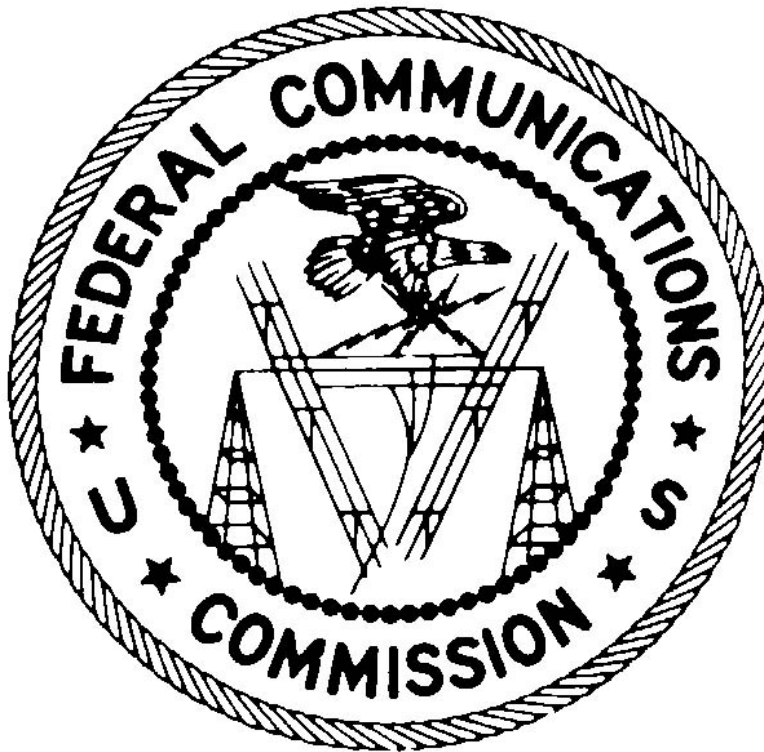


Federal Communications Commission Office of Inspector General



FY 2002 Audit Plan

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FY 2002 Audit Plan

ONGOING AUDIT ACTIVITY FROM FY 2001

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2. Audit of the Commission's Implementation of GPRA
3. Audit of Financial Management of Auction Proceeds
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5. Audit of the Commission's Transit Subsidy Program
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Ongoing Audit Activity from FY 2001

1. Audit of the Commission's FY 2001 Financial Statement

This audit is being performed as part of our continuing effort to support management efforts to align the FCC's financial accounting and reporting systems with applicable accounting principles and standards, Federal laws and regulations, and policy guidance. This is important both internally to the Commission's operations and necessary in support of the audit of the Consolidated Financial Statements of the United States. The Department of the Treasury requests "non-CFO" agencies such as the FCC to annually verify financial data submissions recorded in its Federal Agencies' Centralized Trial-Balance System II (FACTS). In response to this request, the FCC prepares financial statements in accordance with Generally Accepted Accounting Principles (GAAP) for the Federal Government to facilitate verification of its FACTS transmissions.

The objective of this audit is to provide an opinion on the FY 2001 financial statements. With the assistance of an independent public accounting firm, the OIG plans to continue initiatives to address reengineering financial management at the FCC. Specific tasks will include performing procedures necessary to comply with OIG audit and verification requirements from OMB and the Department of the Treasury, respectively. Follow-up procedures will address any identified material weaknesses and reportable conditions from the FY 2000 audit.

2. Audit of the Commission's Implementation of GPRA

The Government Performance and Results Act of 1993 (GPRA) is intended to improve the efficiency and effectiveness of federal programs through the establishment of specific goals for program performance. Specifically, the Act requires the FCC to prepare multi-year Strategic Plans, Annual Performance Plans, and an Annual Performance Report to be issued by March 31 annually, with a first-ever Performance Report to be issued by March 31, 2000. The Director, Office of Management and Budget, has called upon Inspectors General to "assess agencies' technical compliance with the Results Act as well as their capacity to comply from a data and systems perspective."

On March 26, 1999, the OIG issued an audit report entitled "Report on Audit of the Federal Communications Commission Implementation of the Government Performance and Results Act (GPRA). In that report, the OIG provided the Chairman with our initial analysis of Commission activity towards meeting the initial GPRA mandated requirements. The report identified the need to more clearly define specific outcome-oriented performance goals to serve as the basis for the March 31, 2000 Annual Performance Report. The objective of this audit is to identify measures taken to address the findings in our initial report and to independently review and assess the Commissions' Strategic Plan and initial Annual Performance Report. Fieldwork on this audit was initiated in June 2000.

3. Audit of Financial Management of Auction Proceeds

This audit is being conducted as part of our continuing effort to support management efforts to align the FCC's financial accounting and reporting systems with applicable accounting principles and standards, Federal laws and regulations, and policy guidance. The Omnibus Budget Reconciliation Act of 1993, as amended on August 10, 1993, added a new section 309(j) to the Communications Act of 1934. This amendment to the Communications Act gave the FCC express authority to employ competitive bidding procedures to choose from among mutually exclusive applications for initial licenses. In addition to providing the Commission authority to auction licenses, the amendment gave the Commission the authority to receive reimbursement for the cost of implementing this means of allocating spectrum.

The Managing Director requested this audit in response to our request for input into the FY 2001 Audit Plan. In his request, the Managing Director asked the OIG to explore the "reasons for two separate procedures, staff and processes." The primary objective of this review is to evaluate the possible duplication of operations performed within the Wireless Telecommunications Bureau (WTB) and the Office of the Managing Director (OMD). As part of the review, we intend to evaluate the need for two separate budget procedures, staff and processes for preparing budget authorization(s), and reporting the use of proceeds. The objective of our review is to assess the effects, if any, of duplicating activities and functions. Fieldwork on this audit was initiated in August 2001.

4. Audit of Loan Portfolio and Related Activity

The Federal Communications Commission has a loan portfolio comprised of approximately 2,000 installment payment plans. In recent years, the portfolio received increased scrutiny due to its materiality on the FCC's financial statements. On the fiscal year (FY) 2000 Consolidated Balance Sheet, these loans comprised 66 % and 63 % of FCC assets and liabilities, respectively. To mitigate concerns regarding past contractor operations and to prepare auditable balances, the Commission contracted with a public accounting firm to review and recalculate loan balances since inception. Although this action resulted in significant changes to internal control, loan balances, and source documentation, several recent changes affect the internal control associated with FCC's loan activity. In FY 2000, FCC contracted with a loan service provider to manage and maintain its loan portfolio. In addition, FCC developed and partially implemented the Revenue Accounting and Management Information System (RAMIS), which is planned to become the system of record for FCC's loan activity in the future. During FY 2000, the Financial Operations office reorganized and reassigned responsibilities impacting the loan environment.

The primary objective of the audit is to assess the transition of the portfolio from FCC to a loan service provider environment. Fieldwork on this audit was initiated in August 2001

5. Audit of the Commission's Transit Subsidy Program

This audit was initiated at the request of the Office of Managing Director. The objective of the audit is to evaluate the Commission's Transit Subsidy Program to ensure that program controls are adequate to detect and prevent fraud, waste, and abuse. To accomplish the audit objective, the OIG will assess the policies and procedures issued by the Commission for the transit subsidy benefit program for compliance with applicable regulations and union agreements. In addition, we will test the internal controls the Commission has established to ensure compliance with the program requirements and test employee compliance with the program participation requirements. Based on the results of our review of policies and procedures and program, testing, we will reach an overall opinion as to the program's control system and compliance with requirements and identify areas where operational improvements can be made. Fieldwork on this audit was initiated in March 2001.

6. Follow-up Audit of Consumer Center Information Technology (IT) Security

On June 21, 2000, the OIG issued a Special Review Report, entitled "Report on Audit of Computer Controls at the FCC National Call Center", summarizing the results of our review of Information Technology (IT) at the Commission's Consumer Center located in Gettysburg, PA. In that report, we noted that significant technical control and internal control improvements could be made to improve the overall security posture of the Consumer Center. The report contained one hundred three (103) specific observations in the area of internal controls including; Security Program Planning and Management, Access Controls, Application Software Development and Change Controls, System Software, Segregation of Duties, and Service Continuity. Accordingly, the review team concluded that the computer system general controls as implemented at the Consumer Center are not sufficient to meet minimum security requirements.

The objectives of this audit are to: (1) follow-up on specific observations identified in our Report to ensure appropriate corrective actions have been implemented; and, (2) evaluate the information systems security posture of the Consumer Center. This follow-up review will serve to assess the Commission's efforts to address audit observations and recommendations contained in this program area. Fieldwork on this follow-up audit was initiated in September 2001.

7. Pilot Audit of Universal Service Fund (USF) Recipient

During FY 2001, the OIG worked closely with representatives from the Common Carrier Bureau, Office of Managing Director, Defense Contract Audit Agency (DCAA), and USAC, to develop a comprehensive program for auditing the recipients of Schools and Libraries funding. We designed the program to provide the Commission with systematic insight into the compliance with rules and requirements on the part of the beneficiaries and those vendors providing goods and services. Our program is comprised of two corollary and complimentary efforts. First, we will conduct audits at a sample of beneficiaries large enough to allow us to derive conclusions regarding beneficiary

compliance at the program level. Second, we will establish a process for vigorously investigating allegations of fraud, waste, and abuse in the program.

To implement the audit component of our program, we have been working closely with DCAA to design a nationwide audit program that allows us to derive conclusions regarding beneficiary compliance at the program level based upon the results of audits at selected recipients. At our direction, DCAA statisticians have analyzed the database of fund beneficiaries and designed an audit sample that reflects the characteristics of the universe of beneficiaries. In addition, DCAA has developed a risk assessment process and a standard audit program for use by field auditors. As part of the process of developing our audit program, we determined that it was necessary to conduct a pilot audit of a recipient of Schools and Libraries funding. In September 2001, we initiated an audit of the Edgemoade School of Maryland, a recipient of \$174,826 in schools and libraries funding during year 2 of the program. The objective of audit is to determine if: (1) Edgemoade spent the funds on approved goods and services; (2) Edgemoade uses the equipment for its intended purpose; (3) the vendor procurement process complies with FCC/local requirements, results in adequate competition, and ensures that the approved goods and services are provided, and; (4) Edgemoade's application is accurate and the discount percentage is correct. The final audit program for schools and libraries fund recipient audits will be updated to reflect "lessons learned" during this pilot audit.

8. Special Review of the Commission's Workplace Violence Program

Preventing workplace violence is a growing concern in the United States and is a frustrating problem facing Federal agencies today. Workplace violence can adversely impact the economy, efficiency, and effectiveness of organization operations and raises profound concerns about the safety of employees and public conducting business with the Government. In fact, according to a recent document prepared by the U. S. Department of Labor, approximately 2,000,000 people throughout the country are victims of non-fatal violence at the workplace every year. The Department of Justice reports that violence is the leading cause of fatal injuries at work with about 1,000 workplace homicides each year. Although the OIG and Commission have evaluated aspects of the workplace violence program, the OIG has not examined other critical portions of the program or assessed the overall effectiveness of the program.

The objective of this Special Review is to conduct a risk assessment of the FCC's workplace violence program. This risk assessment will consider all aspects of the Commission's workplace violence program. The risk assessment will be accomplished by examination and evaluation of FCC policies and procedures, review of prior security and security-related studies and reports, interviews with appropriate FCC management and staff, comparisons to appropriate benchmarks and "best practices", and other evaluation tools the contractor identifies as useful and relevant. Fieldwork on this Special Review was initiated in May 2001.

9. FY 2001 Government Information Security Reform Act (GISRA) Evaluation

The Government Information Security Reform Act (Security Act), passed last year as part of the FY 2001 Defense Authorization Act (P.L. 106-398), amended the Paperwork Reduction Act of 1995 (PRA) by adding a new subchapter on information security. The Security Act focuses on the program management, implementation, and evaluation aspects of the security of unclassified and national security systems. Generally, the Security Act codifies existing Office of Management and Budget (OMB) security policies, Circular A-130, Appendix III, and reiterates security responsibilities outlined in the Computer Security Act of 1987, the PRA, and the Clinger-Cohen Act of 1996. In addition, the Security Act requires annual agency program reviews and annual independent evaluations for both unclassified and national security programs.

A key provision of the Security Act requires that the Inspector General (IG) perform an annual independent evaluation of the information security program of the Federal Communications Commission (FCC). The Security Act also permits the IG to select an independent evaluator to perform this evaluation. The IG contracted with KPMG, LLP to perform the independent evaluation as required by the Security Act. The purpose of this review was to perform the independent evaluation of FCC's information security program and practices to ensure proper management and security for the information resources supporting the agency's operations and assets as required by the act. Fieldwork on this review was initiated in June 2001.

Planned Audit Activity in FY 2002

1. Audit of the Commission's FY 2002 Financial Statement

This audit is being performed as part of our continuing effort to support management efforts to align the FCC's financial accounting and reporting systems with applicable accounting principles and standards, Federal laws and regulations, and policy guidance. This is important both internally to the Commission's operations and necessary in support of the audit of the Consolidated Financial Statements of the United States. The Department of the Treasury requests "non-CFO" agencies such as the FCC to annually verify financial data submissions recorded in its Federal Agencies' Centralized Trial-Balance System II (FACTS). In response to this request, the FCC prepares financial statements in accordance with Generally Accepted Accounting Principles (GAAP) for the Federal Government to facilitate verification of its FACTS transmissions.

The objective of this audit is to provide an opinion on the FY 2002 financial statements. With the assistance of an independent public accounting firm, the OIG plans to continue initiatives to address reengineering financial management at the FCC. Specific tasks will include performing procedures necessary to comply with OIG audit and verification requirements from OMB and the Department of the Treasury, respectively. Follow-up procedures will address any identified material weaknesses and reportable conditions from the FY 2001 audit.

2. Audit of Efficiency and Effectiveness of the Consumer Center

The FCC has invested significant resources in the establishment of customer service centers, called Consumer Centers, at Gettysburg, Pennsylvania and the FCC Portals site in Washington, DC. The Consumer Centers represent the primary conduit by which citizens communicate with the Commission to make complaints about communication services and obtain information on the FCC. To date, no independent evaluations and assessments have been undertaken to evaluate the effectiveness and efficiency of this operation. During FY 2000, the OIG initiated a review of the efficiency and effectiveness of Commission consumer centers. However, this audit was postponed at the request of the Consumer Information Bureau (CIB). The overall objective of this audit is to evaluate the efficiency and effectiveness of Consumer Center operations.

3. Audits of USF Recipients

During FY 2001, the OIG worked closely with representatives from the Common Carrier Bureau, Office of Managing Director, Defense Contract Audit Agency (DCAA), and USAC, to develop a comprehensive program for auditing the recipients of Schools and Libraries funding. We designed the program to provide the Commission with systematic insight into the compliance with rules and requirements on the part of the beneficiaries and those vendors providing goods and services. At our direction, DCAA statisticians analyzed the database of schools and libraries funding beneficiaries during year 2 of that program and designed an audit sample that reflects the characteristics of the universe of

beneficiaries. Based on the results of the statistical analysis, we have identified a sample of eighty (80) recipients of schools and libraries funding where we will conduct audits during this fiscal year. The audit sample represents \$229,159,700 in commitments during year 2 of the program and includes a wide range of awards (the smallest is \$22,368 and the largest award is \$27,632,819). In addition, the sample includes beneficiaries in 32 states and two U.S. territories. We are currently evaluating alternatives for obtaining resources to conduct these audits.

4. Audits of Contractor Timekeeping Practices

The risks associated with the accurate recording, distribution, and payment of labor are almost always significant, primarily because labor costs are usually the most significant costs charged on government contracts and contractor personnel have complete control over their time cards or other timekeeping documents. To address this and other contract related areas, the OIG established a collaborative working relationship with the Chief, Contracts and Purchasing Center, to oversee and monitor contractors' performance when providing products and services to the Commission. Because a large number of FCC contracts are time and material (T&M) service type contracts, the OIG performs audits of contractor timekeeping practices to determine whether contractors have established sound labor time reporting internal control policies and procedures. OIG review of contractors' timekeeping policies and procedures provide the Commission's contracting officer technical representatives (COTR) with insight into the internal controls contractors should require from their employees and provides a basis for reviewing a contractor's monthly billings.

The objective of these audits is to evaluate the adequacy of and contractor compliance with its labor accounting system's internal controls and to assess the control risk for the allowability and allocability of labor costs charged and billed to the FCC. To accomplish this objective, the OIG will coordinate with the Contracts and Purchasing Center to conduct three (3) to four (4) labor timekeeping reviews each quarter basis throughout FY 2002. Performing twelve (12) to sixteen (16) of these reviews annually will: (1) increase contractor awareness of their need to establish and maintain strong labor charging accounting controls and (2) provide increased performance oversight over contractors providing goods and services to the Commission. OIG labor floor check reviews have resulted in findings that have significantly benefited the FCC, ranging from uncovering contract fraud to providing COTRs with an increased level of assurance for approving monthly invoice billings. Continued reviews of this type will increase contractor awareness of the need for strong labor charging accounting controls when providing goods and services to the Commission.

5. Audits of Contractor Incurred Costs

The Commission frequently establishes time and materials (T&M) contracts to obtain a variety of support services including financial management and information systems development support. Time and Material contracts tend to be multi-year contracts and, as a result, few of these contracts have been formally closed out. OIG audit of contractor

interim billings, as well as final incurred cost audits, would provide the contracting officer with timely information on the allowability, allocability, and reasonableness of costs charged to the Government under reimbursable contracting activity.

The primary objective is to examine a contractor's cost representations and express an opinion as to whether such incurred costs are reasonable; applicable to the contract; and not prohibited by the contract, statute or regulation, or by decision of or agreement with the contracting officer. To accomplish this, the OIG will coordinate with Commission contracting officers to select and audit costs claimed in monthly billings throughout the year. OIG incurred cost audits have resulted in tremendous benefits to the FCC, including recovering significant dollars from contractor claims to discovering a contractor fraud scheme. Initiating interim incurred cost audits will enhance the Commission's economy and efficiency of operations by overseeing costs claimed under reimbursable contracts.

6. Audits of Contractor Billing Systems

The Commission frequently establishes time and materials (T&M) contracts to obtain a variety of support services including financial management and information systems development support. Because a large number of T&M service type contracts, the OIG performs numerous contractor labor timekeeping reviews (labor floor checks) to examine whether contractors have established sound labor time reporting internal control policies and procedures. Billing system reviews build on the OIG review of contractors' timekeeping policies and procedures by examining contractors' billings and internal controls from timesheet entry to submitting billing the Commission for goods and services.

The objective of Contractor Billing System Reviews is to evaluate the adequacy of contractor billing system internal controls and to evaluate contractor compliance with these internal controls. The objective of billing system audits is to assess control risk to determine the degree of reliance that we can place on the contractors' accounting and management systems and related internal controls as a basis for planning the scope of other related audits. To accomplish this, the OIG will coordinate with the Contracts and Purchasing Center and conduct several billing system audits throughout FY 2002. OIG billing system audits will provide COTRs with an increased level of assurance for approving monthly invoice billings and improve contractors' accounting and management systems and related internal controls over their billing systems.

7. Follow-up Audit of the Commission's Purchase Card Program

On May 6, 1999, the OIG issued an audit report, entitled "Report on Audit of the Federal Communications Commission Purchase Card Program," summarizing the results of our review of the Commission's purchase card program. In that report, the OIG noted that, although the Commission had developed comprehensive purchase card program policies and procedures, many purchase card approving officials failed to require cardholders to complete a mandatory checklist designed to ensure cardholder compliance with program

rules. FCC management concurred with this finding and stated that they would initiate random audits to verify compliance and would revoke purchase card privileges from individuals that did not comply with program requirements. The objective of this audit is to assess and report upon compliance with established purchase card program policies and procedures.

8. Survey of RAMIS Application Controls

The Revenue Accounting and Management Information System (RAMIS) is responsible for the processing of all FCC receivable transactions. RAMIS is the Commission's system of record for revenue transactions. RAMIS is the financial system that supports application and regulatory fee accounting, spectrum auction loan portfolio management, accounting for auction proceeds, accounting for enforcement actions, and other accounts receivable of the Commission. RAMIS replaces various independent financial management systems previously used by the Commission.

The objective of this survey is to determine the extent and effectiveness of application controls in RAMIS. We will evaluate the efficacy of RAMIS information security controls, including access controls, separation of duties, application audit trails, and application change controls. We will use authorities such as the FISCAM and NIST guidelines in our review. The survey will provide the Chairman with an independent and comprehensive analysis of the information security posture of the RAMIS application. The survey will assess and report upon the adequacy of internal controls over the RAMIS system. Specific recommendations, as warranted, will be developed to address any internal control deficiencies identified during the conduct of audit fieldwork.

9. Special Review of Mellon Bank Lockbox Operations

Mellon Bank conducts FCC's lockbox function by collecting FCC's regulatory and application fees, International Telecommunications Settlements and auction installment loan payments. In addition, Mellon receives all 'upfront' auction deposits from potential bidders. During FY 2000, FCC received more than \$185 million of regulatory and application revenue collected through Mellon Bank. Although the lockbox operations are reviewed as part of FCC's financial statement audit and are considered adequate, Mellon's lockbox operations became a concern after IRS tax returns for 2000 were intentionally misplaced by contractors working under intense pressure. Additionally, Mellon has relocated its lockbox operations to a new facility. The operation and internal control in place at the new facility has not been reviewed by the OIG. The objective of this survey will be to gain an understanding of Mellon Bank's lockbox operations and evaluate the related controls over those operations.

10. Survey of Commission Compliance with Customer Service Standards

On September 11, 1993, President Clinton issued Executive Order 12862, entitled "Setting Customer Service Standards." The Order states that "(a)ll executive departments and agencies ... that provide significant services directly to the public shall provide these

services in a manner that seeks to meet the customer service standard established herein.” The Order requires that departments and agencies (1) identify customers, (2) survey customers and front-line employees to determine kind and quality of services and barriers to those services, (3) benchmark customer service performance against the best in the business, (4) make information, services, and complaint systems easily accessible, and (5) provide means to address customer complaints.

The objective of this survey is to obtain an understanding of the Commission’s customer service program, collect information about the operation of the program, identify areas where program operation can be improved, and ensure that the program complies with Executive Order 12862. Based upon the results of the survey, we will determine whether to continue into a detailed audit, terminate the survey with a close-out letter, or issue a survey report.

11. Survey of the Telecommuting Program

On June 8, 2000, the Commission established the Flexible Workplace Program. The Flexible Workplace Program permits employees to work at home or at other approved locations remote to the conventional office site. The purpose of the Flexible Workplace Program, as indicated in the policy document announcing the program, is that the program will “result in increased productivity, improvements in employee morale, job satisfaction, and reduced absenteeism.”

The objective of this survey is to obtain an understanding of the Commission’s Flexible Workplace Program, collect information about the operation of the program, identify areas where program operation can be improved, and ensure that the program complies with laws and regulations. Based upon the results of the survey, we will determine whether to continue into a detailed audit, terminate the survey with a close-out letter, or issue a survey report.

12. Special Review of Travel Card Usage

In response to recent congressional interest, the Managing Director has requested that the OIG conduct a special review of the travel card use. The objective of this special review is to evaluate the Commission’s travel card program to ensure that program controls are adequate to detect and prevent fraud, waste, and abuse. To accomplish this objective, we will test Commission and employee compliance with program requirements. Our testing will include an assessment of travel card usage to ensure that cardholders are not making inappropriate purchases. This review is being conducted as a special review and, as such, is not being conducted in accordance with all professional audit standards.

13. Special Review of Gas Card Usage

In response to recent congressional interest, the Managing Director has requested that the OIG conduct a special review of the gas card use. The objective of this special review is to evaluate the Commission’s gas card program to ensure that program controls are

adequate to detect and prevent fraud, waste, and abuse. To accomplish this objective, we will test Commission and employee compliance with program requirements. Our testing will include an assessment of gas card usage to ensure that cardholders are not making inappropriate purchases. This review is being conducted as a special review and, as such, is not being conducted in accordance with all professional audit standards.

14. Special Review of Workplace Violence - Data Collection and Analysis

One of the recommendations from our on-going risk assessment of the Commission's Workplace Violence Prevention program is to review the agency's practices for collecting, recording and analyzing information on incidents of workplace violence. The risk assessment indicates that there is no uniform methodology for performing this function and that the current practice is ad hoc and informal. One result of this situation is that the Commission may not be completely informed about two critical issues: 1) the types of workplace violence that occur in different locations/circumstances, and 2) employee attitudes about real and potential incidents of workplace violence.

OIG will conduct a special review to develop this information. First, we will conduct a comprehensive survey of the workforce to determine what perceptions our employees have regarding actual and potential violence. This survey will be modeled after a similar effort conducted by the United States Postal Service in FY 1999-2000. Next, we will analyze the data and compare it to statistics from similar surveys for federal and private entities to determine trends and significant workplace violence issues. Our results from this review will assist the Commission in developing a procedure to systematically collect, record and analyze information on incidents of workplace violence.

15. Follow-up Special Review of the Management of Non-Public Information

The OIG conducted a special review of the Commission's management of nonpublic information and issued our report, Special Review of Commission Management of Nonpublic Information, on August 16, 2000. The focus of our special review was Commission management of programmatic information versus other types of nonpublic information in the Commission's possession. We developed recommendations for improving the management of all nonpublic information processed by the Commission, to include the development of a process for to identify and manage nonpublic information and to restrict the distribution of sensitive nonpublic information. The Commission responded to our recommendations by developing a directive, which was issued in September 2001 along with training on the directive's requirements.

OIG will conduct a follow-up special review of this area. The objectives of the audit will include an assessment of the effectiveness of the recent training, compliance with the new directive, and physical security procedures for the protection of nonpublic information.

16. FY 2002 Government Information Security Reform Act (GISRA) Evaluation

The Government Information Security Reform Act (Security Act), passed as part of the FY 2001 Defense Authorization Act (P.L. 106-398), focuses on the program management, implementation, and evaluation aspects of agency security systems. A key provision of the Security Act requires that Inspectors General (IG) perform an annual independent evaluation of the information security program of the Federal Communications Commission (FCC).

The objective of this independent evaluation is to examine the Commission's security program and practices as required by the Security Act. To accomplish this objective, we will test the effectiveness of security controls for an appropriate subset of the Commission's systems. In addition, we will use the Security Act assessment tool to evaluate the effectiveness of the Commission's information security program and assess risk for each component of the program.

17. Consulting and Advisory Services

OIG auditors routinely provide consulting and advisory services to Commission management and staff on a wide range of topics including procurement, information systems management, financial management, and program management. Advisory reviews and consulting services efforts are objective analyses or studies of agency operations or activities conducted by the OIG for the purpose of providing better information to management for decision making, program improvement, or mission consideration.

Advisory Services are efforts aimed at reviewing, studying, and/or analyzing the agency's programs and activities for the purposes of providing information to managers for decision making; for making recommendations for improvements to programs, policies, or procedures; and for administrative action. They are usually broad in scope and use diverse approaches, e.g., surveys, evaluations of program effectiveness, identification of best practices, and research on critical business and economic issues affecting the Commission's programs. The emphasis is on getting the results to management as quickly as possible.

Consulting services involve objective analyses or studies of FCC operations or activities performed by the OIG for the purpose of providing better information to management for decision-making, program improvement, or mission consideration. They include efforts aimed at providing management with responses to specific questions, or monitoring assistance on ongoing initiatives. Services may be requested for assistance in reviewing a program, operation, or activity, fact-finding, or just collecting data for management decision-making or deliberation.

Unscheduled Audit Activity

1. Audit of the Contracting Officer Technical Representative (COTR) Program

On August 20, 1997, the OIG issued an audit report entitled Report on Review of the Contracting Officer's Technical Representative (COTR) Program. In that report, the OIG reported that Commission employees serving as COTRs were not consistently maintaining well documented and organized contract files. The incomplete files resulted in incomplete audit trails necessary for COTRs to validate that their contractors met contractual requirements and were submitting timely, accurate, and legitimate invoices for payment and made four recommendations for corrective action. The Managing Director concurred with all four recommendations. Because contracting out has increased substantially since the FY 1997 report, this program needs to be revisited.

The audit objectives include examining the FCC's COTR program to determine overall compliance with existing policies and procedures and assess the integrity on related internal controls. This audit will assess and report upon compliance with established COTR card program policies and procedures and the Federal Acquisition Regulations.

2. Special Review of Human Capital Management

Industry and government at all levels are becoming increasingly aware that their greatest capital resource is their human resource. The ability of an agency's workforce to meet current mission requirements, as well as adapt to new responsibilities that may be very different from the current workload, requires a cohesive plan that addresses management of and investment in the human resource. The FCC employs a workforce of individuals with a broad spectrum of technical and program skills, and the ability to capture, expand and use those skills in an efficient and effective manner is critical in order for the Commission to meet ever-increasing customer service requirements.

The primary objectives of this special review will be to: (1) determine if the FCC has implemented a workforce planning strategy that complements both the FCC strategic plan and the Government Performance and Results Act (GPRA) performance plan(s); (2) identify FCC human capital management practices and compare those to recognized industry and government standards; and (3) determine the status of the FCC knowledge management plan.

3. Follow-up Special Review of Web Page Accessibility

On January 19, 2001, the OIG issued Special Review Report No. 00-AUD-10-55 entitled "Special Review of Web Page Accessibility." The purpose of this Special Review was to determine how effective the FCC has been in providing access by the disabled to its Internet web sites. During our review, we found that thirty-one (31) pages had some accessibility problems. Some of the accessibility problems identified may make these pages difficult or impossible for a disabled person to use. Therefore, we recommended

that the problems we identified be corrected and that web accessibility becomes an integral part of the information systems' development life cycle.

This follow-up review will serve to assess the Commission's efforts to address audit observations and recommendations contained in this program area. The objectives of this review are to: (1) follow-up on specific observations identified in our Report to ensure appropriate corrective actions have been implemented; and, (2) evaluate the Commission's web accessibility program. The Chairman will be informed as to whether corrective actions have been taken or are planned to address prior audit recommendations in this highly visible and sensitive area. The OIG will also report on the current state of the Commission's accessibility program.

4. Survey of the SDLC Implementation

During a review of the FCC's Collections System, we identified the lack of a Commission-wide Systems Development Life Cycle (SDLC) as a systemic condition that adversely affected the software development at the Commission. With the Information Technology Center (ITC), we then initiated a project to develop an SDLC. We worked closely with Commission representatives to develop and prepare the final version of the SDLC. In November 2000, ITC published the final version of the SDLC and required Project Owners to use this approach in systems development. The objective of this survey is to determine the extent of use and compliance with the SDLC at the Commission.

A structured approach provided by an SDLC can be used to plan, develop, acquire, and maintain Commission information systems. Such a methodology can minimize the risk of missing scheduled project completion dates, costs overruns, and user dissatisfaction throughout the information systems life cycle. Proper controls established and followed in planning, developing and implementing information systems can result in increased economy and efficiency for the Commission.

5. Survey of Cash Forecasting

This survey will assess the Commission's compliance with Department of the Treasury cash forecasting requirements. During FY 2000, the Department of the Treasury requested that the Commission be brought into compliance with cash forecasting requirements and that the Commission update the current cash forecast regarding the 700 MHz auction and the C-Block Recoveries. Historically, the Commission has had difficulty complying with Treasury's cash forecasting requirements.

6. Field Inspection Program

The objective of the inspection program is to provide an independent and impartial perspective to FCC management of field operations. The inspection team strives to identify such things as impediments to operational effectiveness, best practices that can be exported field wide, and ideas to facilitate overall FCC mission accomplishment.

The OIG has completed a series of three successful Field Inspections Program (FIP) reviews since program inception in 1995. By visiting field offices and resident agents, the OIG has the opportunity to evaluate the effectiveness and efficiency of these locations and assess the internal control environment. By visiting and meeting with field personnel, the OIG can identify impediments to successful mission accomplishment and put forth recommendations for corrective action. The conduct of an independent FIP in FY 2000 will be especially important in light of the major reorganization resulting in the creation of the Enforcement Bureau.

Each inspection cycle has resulted in specific findings that were recognized by management. Independent and thoughtful examination and analysis by OIG staff can result in the identification of specific practices or operations that can provide benefit to the field and Commission as a whole. The OIG will present the Commission with feedback as to the operational impact of the FCC reorganization.